

## **AUDIT COMMITTEE**

**Date and Time:** Tuesday 25 July 2023 at 7.00 pm

**Place:** Council Chamber

**Present:**

Axam (Chairman), Blewett, Davies, Engström, Hale and Southern

**In attendance:**

Neil Pitman, Southern Internal Audit Partnership  
Kevin Suter, Ernst & Young

**Officers:**

Graeme Clark, Executive Director, Corporate Services & S151 Officer  
Emma Evans, Committee and Member Services Officer

**1 ELECTION OF VICE CHAIRMAN**

Councillor Engström was elected as Vice-Chairman for the year 2023/24.

**2 MINUTES OF THE PREVIOUS MEETING**

The minutes of 28 March 2023 were agreed and confirmed and signed as a correct record.

**3 APOLOGIES FOR ABSENCE**

No apologies received.

**4 DECLARATIONS OF INTEREST**

No declarations made.

**5 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman announced that he had attended a Public Sector Audit Appointments webinar where national concerns around the backlog in local authority audits was discussed. Considering this, Mr Suter from Ernst and Young (EY) has been invited to attend to discuss the position nationally and in relation to Hart's accounts.

Cllr Davies arrived at 19.06.

## **6 UPDATE ON EXTERNAL AUDIT**

Members received a verbal update on external audit, both the position nationally and in relation to Hart's accounts. Mr Suter (EY) firstly outlined the impact locally. Progress has been made on the 2021/2022 audit and bar some minor clarifications will be completed by mid-August. An unqualified opinion on the accounts is expected and no value for money significant weaknesses have been identified.

Mr Clark stated that recent guidance issued required us to revisit our actuarial valuation of the pension fund as at 31<sup>st</sup> March 2022, this meant there was a restatement of the liability of the pension liability. Whilst the value of the restatement which is £2.6M is a reduction of the liability, is a material sum it has no material impact on the accounts as it is an in-and-out change.

Members were reminded of the delegated authority given to the Executive Director - Corporate at the March 2023 Audit Committee in consultation with the Chairman of Audit Committee, to approve any non-material changes to the 2021/22 Statement of Accounts that arise from the final external audit review work, and to approve the letter of representation.

Members were asked to reconfirm that this delegation could cover the pension's liability adjustment.

### **DECISION**

Audit Committee approved that the delegated authority given to the Executive Director - Corporate in consultation with the Chairman of Audit Committee could cover the pension adjustment.

Mr Suter then outlined the challenges being faced by audit nationally including:

- the impact of Covid
- large backlog of cases
- difficulty in retaining qualified auditors
- lack of new auditors entering the public sector field
- requirements of audits are not reducing

Mr Suter outlined the governments proposed actions to address the situation which are currently out for consultation with key stakeholders. These include:

- amending deadlines for completion of audits
- reducing the scope of audits
- review of accounting requirements
- regulatory bodies looking at conversions of qualifications from public to private sector
- workforce development
- appointment of Director of Local Audit

Until the government release new guidance EY will be unable to confirm the date or scope of the audit for 2022/2023.

Members expressed frustration at the delays and questioned recruitment options considered and whether there is actions Hart could take to assist. Members thanked Mr Suter for the report.

## **7 INTERNAL AUDIT PROGRESS REPORT QUARTER 1 2023/2024**

The Committee received a report from Southern Internal Audit Partnership on the work undertaken at each of their meetings. The report covers the first quarter of 2023-2024. Mr Pitman explained the various sections of the report and what management information was contained within.

Members queried the review of Council Tax services audit undertaken by the previous auditors and the nature of the Vulnerability Management audit.

### **DECISION**

The Committee noted the report.

## **8 DRAFT ANNUAL GOVERNANCE STATEMENT 2022/2023**

Officers presented the draft annual governance statement 2022/23, drawing members attention to issues arising from the 2022/23 review of effectiveness in relation to the management of projects and increasing the robustness of the internal audit plan.

Members were supportive of the new governance arrangements referenced and thanked officers for their work.

### **DECISION**

The Committee approved the draft annual governance statement 2022/23.

## **9 AUDIT COMMITTEE WORK PROGRAMME 2023/2024**

The committee considered the Audit Committee Work Programme, the programme was welcomed. Members queried how items such as deep dives into specific issues could be added. It was noted that additional work items and the resource and time requirements involved would need to be agreed by the Committee as a whole.

The meeting closed at 19:58.